

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL NOTE

HB 50

February 22, 2017

SUMMARY OF BILL: Requires the Department of Economic and Community Development (ECD) to establish and maintain an office in Taipei, Taiwan, for the purposes of mutual economic development and maintaining and establishing trade relations with Taiwan and Taiwanese businesses.

ESTIMATED FISCAL IMPACT:

Increase State Expenditures – \$200,000

Assumptions:

- Based on ECD's current expenditures associated with operations of foreign direct investment offices in Korea, Japan, Italy, Germany, China, and the United Kingdom/Benelux region, the recurring increase in state expenditures is estimated to be \$200,000, of which \$175,000 is for expenditures associated with hiring a consultant to manage the office, and \$25,000 is for expenditures incurred by ECD team members, including, but not limited to their travel, marketing, sponsorship and training activities.
- There could be subsequent impacts on state and local government revenue and expenditures as a result of secondary economic impacts prompted by the passage of this bill. Increases in revenue may occur if Taiwanese-owned businesses locate projects by making capital investments and creating jobs in Tennessee. Increases in expenditures may occur if the demand for governmental programs and infrastructure increases as a result of the bill. Due to multiple unknown factors, fiscal impacts directly attributable to such economic impacts cannot be quantified with reasonable certainty, and are considered secondary, indirect impacts on the state and local government.

IMPACT TO COMMERCE:

Other Impact – A positive impact on commerce and jobs as Taiwanese-owned businesses invest in Tennessee and as trade activity between Tennessee and Taiwan increases. Due to multiple unknown factors, any such impact on commerce and jobs in the state cannot be quantified with reasonable certainty.

Assumptions:

- The establishment of a trade office in Taiwan could result in significant economic impacts if Taiwanese-owned businesses make capital investments and create jobs in Tennessee, and if trade activity between Tennessee and Taiwan increases as a result of activities of the trade office.
- ECD reports that, in 2015, ECD's Foreign Direct Investment office accounted for \$904,200,000 in capital investment commitments and 2,340 job commitments in this state.
- The timing and extent of any such commitments, and subsequent capital investments and creation of jobs in the state, or on existing Tennessee business revenue and expenses as a result of increased trade activity, that would be a direct result of the newly-created trade office in Taiwan, cannot be determined with reasonable certainty.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in blue ink that reads "Krista M. Lee". The signature is written in a cursive, flowing style.

Krista M. Lee, Executive Director

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